

EXHIBIT D



Puerto Rico
Coronavirus Impact

Oversight Board Stresses Covid-19 Focus as Carrión Foresees Changes to Plan of Adjustment as 'Currently Structured'

Tue 03/24/2020 21:15 PM

The PROMESA oversight board stressed in an emailed statement Tuesday night that its current focus is on supporting the Puerto Rico government's Covid-19 response effort, noting that it has moved to [adjourn](#) the June 2020 disclosure statement hearing, which represents the next step toward confirmation of a commonwealth plan of adjustment, and reiterating that its annual review of the fiscal plan, and the potential impacts on it from the crisis, remain a work in progress given "ongoing major uncertainties."

Tuesday's statement followed a local radio interview Tuesday morning with the oversight board's chairman, José Carrión, who anticipated that the commonwealth plan of adjustment would be reworked in light of the Covid-19 crisis, saying the oversight board is re-evaluating [the plan](#) it filed in the Title III court, including its contemplated public pension cuts. "Puerto Rico is facing very heavy situations and everything is on the table," Carrión said. "That's why we halted the issue and are re-evaluating everything, including the debt cut and, to be frank, also looking at the pension issue," he said, adding that he "personally" is not inclined to "address any type of pension cuts at this time." The oversight board statement noted that Carrión's pension stance was made in his personal capacity.

The oversight board chairman noted that the proposed plan of adjustment would cut Puerto Rico's debt load by 70% from \$35 billion to \$11 billion. "However, everything is on the table," he said, adding later that "things have changed materially" and that he doesn't "see" the commonwealth plan of adjustment moving forward as "currently structured." Carrión voiced an understanding that the majority of the oversight board would "share" his understanding that "everything has to be re-evaluated including the debt cut and the pension issue."

As noted above, the oversight board in its statement addressed Carrión's statements from earlier in the day, explaining that "Chairman José Carrión today expressed his personal view on the pension cuts agreed to under the Commonwealth Plan of Adjustment."

In the emailed statement, the oversight board said its "singular focus right now is on supporting the Government of Puerto Rico in helping to protect the people from the COVID-19 virus, and to minimize and contain the pandemic." As part of its statement, the oversight board also pointed to its request Monday that the Title III court "adjourn the proposed Plan of Adjustment's disclosure hearing until further notice." As [previewed](#) in a press release over the weekend and noted above, the oversight board on Monday filed its motion seeking to [adjourn](#) the DS hearing along with certain related deadlines.

On Monday, the oversight board announced it has authorized the Puerto Rico government to use another [\\$787 million](#) "to fight the COVID-19 emergency" in addition to the [\\$160 million](#) from the Emergency Reserve fund already authorized. The announcement came in a press release after Gov. Wanda Vázquez presented an "initial package" of short-term economic and fiscal measures amid the ongoing Covid-19 emergency.

Echoing a [previous statement](#) by Natalie Jaresko, the oversight board's executive director, Tuesday's statement reiterated the board "is in the process of reviewing the Fiscal Plan, as it does every year to update it with current data, and, of course, will take the reality of the potential effect of the COVID-19 crisis into account. Given the ongoing major uncertainties, the Oversight Board has not completed that review."

Carrión Interview

In the radio interview, Carrión was asked whether Puerto Rico has enough money on hand to address the Covid-19 crisis and the economic side effects of efforts to curb its spread as established in a March 15 [emergency declaration](#) by Vázquez.

Carrión said that thanks to budget “discipline” followed in the past three fiscal years, Puerto Rico has “funds to confront this crisis” and “invest in our economy and our people,” noting that the commonwealth’s ramp up in Covid-19 spending appears to outpace the states. “Thankfully, we have the money and we are taking a prudent position in light of the situation we’re facing so we can continue to do so.”

Carrión reiterated that the oversight board will continuously evaluate the impact of the Covid-19 pandemic on Puerto Rico’s economy, pointing to word that Vázquez may extend her emergency declaration into April, and the federal government’s response as it applies to Puerto Rico. He said the \$787 million in measures approved Monday were designed to “supplement” an anticipated federal response package that remains under negotiation in Congress. The oversight board said of the \$787 million approved Monday for Covid-19 response, around \$250 million came from “savings” from unspent budgeted money and \$540 million represents “new spending.”

The oversight board chairman said \$4.6 billion has been “budgeted” and is “on the agenda” for debt restructuring under the plan of adjustment and fiscal plan, which would include money for bondholders, pensioners and other creditors covered by the plan of adjustment. “That is a lot of money,” he said.

Asked whether that \$4.6 billion mark is what is on hand, Carrión said there is “much more” in Puerto Rico government bank accounts, which top [\\$17 billion](#). “But not all of that money is available,” Carrión said, adding that more than \$10 billion has been committed for purposes of Title III or federal matters that require legislation and the rest is divided between normal government operations.

“So what would be available to pay debt is currently somewhere between \$4 billion and \$4.6 billion,” he said. “That is what is established in the fiscal plan and the plan of adjustment regarding how much debt can be paid,” he added.

Pointing to the oversight board’s move to “postpone” the plan of adjustment process, Carrión said Puerto Rico “is facing a situation of such magnitude that everything has to be re-evaluated, and that also implies you have to re-evaluate the amount of debt we pay and the entire plan of adjustment.” He added: “That remains to be seen. We are taking a prudent approach on the economic impacts and the federal response, but all of those matters are yet to be determined.”

Carrión was asked whether the interest of Puerto Rico should come before debt payments amid the Covid-19 crisis. “The answer is, ‘Yes.’ It doesn’t take a business genius to understand this could be beneficial to Puerto Rico in that respect despite the tragedy,” he said, adding that the “logical implication is that the Puerto Rico we live in, and its capacity to pay debt, is not the same as it was a week ago.”

Carrión stressed that supporting the commonwealth’s Covid-19 response is the oversight board’s prime area of focus at the moment. “We are aligned and working together for the benefit of the people of Puerto Rico. That’s our current goal, to help the Puerto Rico government confront the crisis,” he said.

“The dynamic has changed completely. This isn’t the same Puerto Rico, it’s not the same scenario and one has to adjust to that reality,” said Carrión.

-- Kevin Mead, John Marino

recipient has access to the platform (the "Applicable Terms"). The recipient of this publication may not redistribute or republish any portion of the information contained herein other than with Reorg's express written consent or in accordance with the Applicable Terms. The information in this publication is for general informational purposes only and should not be construed as legal, investment, accounting or other professional advice on any subject matter or as a substitute for such advice. The recipient of this publication must comply with all applicable laws, including laws regarding the purchase and sale of securities. Reorg obtains information from a wide variety of sources, which it believes to be reliable, but Reorg does not make any representation, warranty, or certification as to the materiality or public availability of the information in this publication or that such information is accurate, complete, comprehensive or fit for a particular purpose. Recipients must make their own decisions about investment strategies or securities mentioned in this publication. Reorg and its officers, directors, partners and employees expressly disclaim all liability relating to or arising from actions taken or not taken based on any or all of the information contained in this publication. © 2020 Reorg. All rights reserved. Reorg® is a registered trademark of Reorg Research, Inc.